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Counsel to the Debtors and Debtors
in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
: Jointly Administered
Debtors. :
: **Obj. Deadline: February 19, 2010**
- - - - - x

**NOTICE OF PROPOSED SETTLEMENT AGREEMENT AND SETTLEMENT
AGREEMENT**

PLEASE TAKE NOTICE that, on August 10, 2009, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") entered the Order Pursuant To 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval

(D.I. 4401, the "Order").¹ A copy of the Order (without exhibits) is annexed as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, the above-captioned debtors and debtors in possession (collectively, the "Debtors")² are authorized to negotiate and enter into Settlement Agreement and settlement agreements with third parties, subject to the procedures set forth in the Order and outlined herein.

PLEASE TAKE FURTHER NOTICE that, at this time, the Debtors have entered into a settlement agreement and Settlement Agreement (the "Settlement Agreement") with DIRECTV, Inc. ("DIRECTV"), a copy of which is annexed as Exhibit 2.

SUMMARY OF SETTLEMENT TERMS³

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(b) of the Order, the material terms of the Settlement Agreement are as follows:

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Order.

² The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address the Debtors is 4951 Lake Brook Drive, Suite #500, Glen Allen, VA 23060.

³ This section of the notice constitutes a summary of the material terms of the Settlement Agreement and is being provided for convenience only and should not be relied upon in any way. All parties are strongly encouraged to review the Settlement Agreement in its entirety. In the event there is a conflict between the notice and the Settlement Agreement, the Settlement Agreement shall control in all respects.

- (i) The Settlement Agreement is a Tier II Settlement.
- (ii) The Settlement Agreement is between the Debtors and DIRECTV (the "Parties").
- (iii) Circuit City and DIRECTV engaged in business in the ordinary course prior to and subsequent to the Petition Date pursuant to certain agreements (the "Agreements") whereby Circuit City marketed and promoted DIRECTV receivers, service, and programming packages in its stores in exchange for certain marketing and advertising contribution reimbursements and/or commissions and acted as an independent retailer for DIRECTV broadcast satellite service.
- (iv) DIRECTV has asserted certain claims on account of product provided to the Debtors, including a section 503(b)(9) claim, a non-section 503(b)(9) pre-petition claim. DIRECTV has further asserted that certain of its claims are secured by a right of setoff. The Debtors have alleged that DIRECTV owes Circuit City Stores, Inc. certain pre- and post-petition amounts, including receivables, commissions and other amounts. Following the Petition Date, the Debtors returned certain of DIRECTV's products to DIRECTV in exchange for an offset of the value of such inventory against DIRECTV's pre-petition claim.
- (v) The Settlement Agreement provides that DIRECTV's section 503(b)(9) claim will be valued at \$148,375.00 and DIRECTV's pre-petition claim, net of the 503(b)(9) claim, shall be valued at \$317,862.00. The Settlement Agreement further provides that the returned inventory shall be valued at \$438,155 and the

Debtors' receivables will be valued at \$1,059,887.36.

- (vi) The Settlement Agreement provides that the returned inventory amount and the receivables will be set off against each of DIRECTV's claims, reducing such claims to \$0 and resulting in a net payment to the Debtors of \$1,031,804.36 (the "Settlement Payment"). As part of the Settlement, upon receipt by the Debtors of the Settlement Payment, the Parties agree to release one another from and against any and all claims or causes of action arising from, in connection with, or relating to the Agreements or otherwise, other than with respect to claims for transfers which may be avoidable under the Bankruptcy Code (the "Avoidance Action Claims").
- (vii) The Settlement Agreement provides that that nothing in the Settlement Agreement shall be deemed to be or construed as an impairment, waiver, or relinquishment of, or effect, impair, waive, or relinquish, the Debtors' rights to recover the Avoidance Action Claims under chapter 5 of the Bankruptcy Code or DIRECTV's defenses to the Avoidance Action Claims.
- (viii) The Settlement Agreement provides for the efficient and consensual resolution of claims by and between the Debtors and DIRECTV. As such, the Settlement Agreement will avoid unnecessary costs and expenses of negotiating the remaining issues between the Parties in a duplicative, piecemeal manner. Accordingly, the Settlement Agreement is in the best interests of the Debtors and their estates and creditors.

**TIME AND PLACE FOR FILING OBJECTIONS TO THE PROPOSED
SETTLEMENT AGREEMENT OR REQUESTING ADDITIONAL INFORMATION
OR TIME TO CONSIDER THE SETTLEMENT AGREEMENT**

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(c) of the Order, any Notice Party may object (each an "Objection") to or request additional time or information (each a "Request") to evaluate the Settlement Agreement.

PLEASE TAKE FURTHER NOTICE that all Objections and Requests must be in writing and received by counsel to the Debtors and counsel to the Official Committee of Unsecured Creditors (the "Creditors' Committee") (see information below) by no later than **February 19, 2010** (the "Objection Deadline"). Each Objection or Request must be served on (i) counsel for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi (gregg.galardi@skadden.com) and Ian S. Fredericks (ian.fredericks@skadden.com) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley (dfoley@mcguirewoods.com) and Daniel F. Blanks (dblanks@mcguirewoods.com), and (ii) counsel for the Creditors' Committee, (a) Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, Attn: Jeff Pomerantz (jpomerantz@pszjlaw.com) and (b) 780 Third Avenue, 36th Floor, New York, NY 10017-2024, Attn: Robert Feinstein (rfeinstein@pszjlaw.com).

PLEASE TAKE FURTHER NOTICE that if you object to the Settlement Agreement and you do not want the Debtors to proceed with Settlement Agreement or you want the Court to consider your views concerning such Settlement Agreement, you or your attorney must also: file in writing with the Bankruptcy Court, Clerk of Court, United States Bankruptcy Court, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, or electronically (www.vaeb.uscourts.gov), a written Objection pursuant to Local Bankruptcy Rule 9013-1(H). If you mail your Objection to the Court for filing, you must mail it early enough so the Court will **receive it on or before February 19, 2010**.

Any Objection to the Settlement Agreement must be submitted by the method described in the foregoing sentence. Objections will be deemed filed only when actually received at the address listed above.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(d) of the Order, if a Notice Party submits a Request, only such Notice Party shall have the later of (i) an additional five (5) days to object to the Settlement Agreement or (ii) in the case of a Request for additional information, three (3) days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one Request for additional time, unless otherwise agreed to by the Debtors in their sole discretion.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(c) of the Order, if no Objection or Request is filed and served upon counsel for the Debtors and counsel for the Creditors' Committee or counsel to the Debtors and counsel for the Creditors' Committee do not receive a Request prior to the expiration of the Objection Deadline (as may be extended by Requests, if any), the Debtors shall be authorized to enter into and consummate the Settlement Agreement without further order of the Court or any other action by the Debtors.

Dated: February 5, 2010 SKADDEN, ARPS, SLATE, MEAGHER &
Richmond, Virginia FLOM, LLP
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- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley
Dion W. Hayes (VSB No. 34304)
Douglas M. Foley (VSB No. 34364)
One James Center
901 E. Cary Street
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(804) 775-1000

Counsel for Debtors and Debtors
in Possession

EXHIBIT 1

(Order without Exhibit(s))

Gregg M. Galardi, Esq.
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Counsel to the Debtors and
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

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In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : 1Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**ORDER UNDER 11 U.S.C. §§ 105 AND 363, AND FED. R. BANKR.
P. 2002, 9006, AND 9019 AUTHORIZING THE ESTABLISHMENT OF
PROCEDURES TO SETTLE CERTAIN PRE-PETITION AND POST-
PETITION CLAIMS AND CAUSES OF ACTION WITHOUT FURTHER COURT
APPROVAL**

Upon the motion (the "Motion")¹ of the Debtors
for entry of an order, pursuant to sections 105 and 363

¹ Each capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Motion.

of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 9006 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order authorizing the establishment of procedures to settle certain pre-petition and post-petition claims and causes of action without further court approval; and the Court having reviewed the Motion; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby:

FOUND, DETERMINED, AND CONCLUDED that:

1. Based on the affidavits of service filed, due, proper and adequate notice of the Motion has been given in accordance with the Case Management Order and that no other or further notice is necessary;
2. The Notice Procedures are fair, reasonable, and appropriate.
3. The Settlement Procedures are fair reasonable, and appropriate.
4. The Notice and Settlement Procedures were proposed in good faith.

5. Pursuant to Bankruptcy Rule 9006, cause exists to shorten the applicable notice period in Bankruptcy Rule 2002(a)(3) with respect to each Settlement.

6. Upon the expiration of the applicable Notice Period without an objection or upon resolution of any filed objection after the applicable Notice Period, each Settlement that complies with the Notice and Settlement Procedures shall be deemed (i) fair and reasonable and (ii) to have satisfied the standards under Bankruptcy Code sections 105 and 363 and Bankruptcy Rule 9019.

7. The relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

ORDERED, ADJUDGED, AND DECREED that:

8. The Motion is GRANTED.

9. The Debtors are authorized, but not directed, to compromise and settle Disputed Claims and Cause of Action and Receivable Claims in accordance with the Settlement Procedures.

10. The Debtors shall provide key parties in interest with notice of each proposed Settlement. The Notice Procedures are as follows:

(a) The Debtors shall give written notice, by email or facsimile, if available, or overnight courier if email or facsimile are not available, of each proposed Settlement (the "Settlement Notice") to (i) the United States Trustee, (ii) counsel for the Committee of Unsecured Creditors, (iii) any party to the Settlement, and (iv) the Core Group and 2002 List (collectively, the "Notice Parties").

(b) The Settlement Notice (or the Settlement Agreement) shall specify (i) the identity of the other party to the Settlement, (ii) a summary of the dispute with such other party, including a statement of the Debtors' reasonable estimate of the Settlement Claim amount and the basis for the controversy, (iii) an explanation of why the Settlement of such Settlement Claim is favorable to the Debtors, their estates, and their creditors, and (iv) a copy of the proposed settlement agreement ("Settlement Agreement").

(c) The Notice Parties may object to or request additional time to evaluate the proposed Settlement in writing by no later than 5:00 p.m. (ET) (i) five (5) days for both Tier I Disputed Claims and Tier I Cause of Action and Receivable Claims or (ii) ten (10) days for both Tier II Disputed Claims and Tier II Cause of Action and Receivable Claims (each an individual "Notice Period") and serve such objection or request on counsel to the Debtors and counsel for the Creditors' Committee on or before the

expiration of the applicable Notice. If the Debtors are compromising more than one Disputed Claim and/or Cause of Action and Receivable Claim, the Tier II Notice Period shall apply to such Settlement. If no objection or written request is filed and served upon counsel for the Debtors and counsel for the Creditors' Committee or counsel to the Debtors does not receive a written request for additional information and/or additional time prior to the expiration of the applicable Notice Period, the Debtors shall be authorized to enter into and consummate the Settlement Agreement without further order of the Court or any other action by the Debtors.

(d) If a Notice Party provides a written request to counsel for the Debtors for additional information or time to evaluate the proposed Settlement, only such Notice Party shall have the later of (i) an additional five (5) days to object to the proposed Settlement or (ii) in the case of a request for additional information, three days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one request for additional time per Settlement Agreement, unless otherwise agreed to by the Debtors in their sole discretion.

(e) If a Notice Party objects to the proposed Settlement within the defined Notice Period for that particular Tier of Disputed Claim or Cause of Action and Receivable Claim, (or the additional period in the case of a Notice Party that has timely requested additional time or information to evaluate the proposed Settlement) (the "Objection Deadline") and the Debtors and such objecting Notice Party are unable to reach a consensual resolution,

the Debtors will not take any further action to consummate the proposed settlement without first obtaining Court approval for that specific Settlement. The Debtors are authorized to schedule the Settlement for a hearing at the next scheduled omnibus hearing following the Objection Deadline (or any subsequent hearing) without filing a separate motion or other pleading.

(f) If the Objection Deadline has passed and no objection has been filed with the Court or request for additional time or information has been received by the Debtors, the Debtors are authorized, but not directed, to file a "Certificate of No Objection" with the Court; provided, further, that each such Certificate shall set forth a statement that no objection was filed or received (or if any objection was filed or received, such objection has been resolved) and no request for additional time or information was received or, if such request was received, the additional period of review has expired.

(g) An objection will be considered properly filed and served only if it is filed with the Court, and actually received by the following parties on or before the Objection Deadline: (i) Clerk of the Bankruptcy Court, United States Bankruptcy Court, 701 East Broad Street - Room 4000, Richmond, VA 23219, (ii) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi (gregg.galardi@skadden.com) and Ian S. Fredericks (ian.fredericks@skadden.com) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley (dfoley@mcguirewoods.com)

and Daniel F. Blanks
(dblanks@mcguirewoods.com), and (iii) (a)
Pachulski Stang Ziehl & Jones LLP, 10100
Santa Monica Blvd., 11th Floor, Los Angeles,
California 90067-4100, Attn: Jeff Pomerantz
(jpomerantz@pszjlaw.com) and (b) 780 Third
Avenue, 36th Floor, New York, NY 10017-2024,
Attn: Robert Feinstein
(rfeinstein@pszjlaw.com).

(h) All time periods set forth in the
Notice Procedures shall be calculated in
accordance with Bankruptcy Rule 9006.

11. Subject to the Notice Procedures, the
Debtors are authorized to compromise and settle Disputed
Claims as follows:

(a) Tier I With respect to Disputed
Claims, the Debtors, in their sole
discretion, may negotiate, execute and
consummate written Settlement Agreements
with the Claimants that will be binding on
the Debtors and their estates without
further action by this Court. The Debtors
may, in full settlement of such Disputed
Claims, grant any Claimant an allowed claim
of an agreed upon priority or administrative
expense claim, as applicable, in an amount
not to exceed \$500,000.

(b) Tier II With respect to Disputed
Claims, the Debtors, in their sole
discretion, may negotiate, execute and
consummate written Settlement Agreements
with the Claimants that will be binding on
the Debtors and their estates without
further action by this Court. The Debtors
may, in full settlement of such Disputed
Claims, grant any Claimant an allowed claim
(priority or non-priority, as the case may

be) or administrative expense claim, as applicable, in an amount greater than \$500,000.

12. Subject to the Notice Procedures, the Debtors are authorized to compromise and settle Cause of Action and Receivable Claims as follows:

(a) Tier I With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value (i) equal to or greater than seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount and (ii) equal to or less than \$1,000,000.

(b) Tier II With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value equal to (i) more than \$1,000,000 or (ii) less than

seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount.

13. To memorialize the Settlements, the Debtors are authorized in their sole discretion, but not directed, to enter into Settlement Agreements substantially in the form of Exhibit A attached hereto; provided, further, that the material terms of each Settlement Agreement may vary depending upon the specific facts and circumstances of each Settlement and nothing herein or therein shall be construed as impairing the Debtors' ability to tailor the form of the Settlement Agreement to each specific Settlement.

14. The Debtors are authorized, but not directed, to resolve all of the Disputed Claims and Cause of Action and Receivable Claims of a single party in a single Settlement Agreement.

15. The Debtors shall provide written notice to Kurtzman Carson Consultants LLC ("KCC"), the Debtors' authorized claims and noticing agent, with respect to any proof of claim settled pursuant to these Settlement Procedures; provided, further, that, if applicable, KCC

is authorized and directed to amend the claims register accordingly without further order of the Court.

16. Following entry of this Order, unless otherwise agreed to between the Debtors and the Creditors' Committee, the Debtors' advisors shall provide weekly updates concerning ongoing settlement discussions to the Creditors' Committee's advisors. These updates shall include, without limitation, non-privileged information mutually agreed to among the parties' advisors. Once the Debtors reach an agreement in principle with a third party, the Debtors shall share the material terms of the Settlement with the Creditors' Committee's advisors. All information shared with the Creditors' Committee's advisors shall be deemed shared subject to the existing confidentiality agreement with the Debtors.

17. Assuming no objection has been filed by the applicable Objection Deadline, immediately after the expiration of the Notice Period (or, in the case of a filed objection that has been resolved, upon filing of a Certificate of No Objection) the Settlement Agreement

shall be deemed to be a final order of this Court for all purposes, including for purposes of any appeal.

18. In the event there is an inconsistency between the Motion and this Order, this Order shall control.

19. The requirement under Local Rule 9013-1(G) of the Local Rules for the United States Bankruptcy Court for the Eastern District of Virginia to file a memorandum of law in connection with the Motion is hereby waived.

20. This Court retains jurisdiction to hear and determine all matters arising from or related to the Motion, this Order or any Settlement.

Dated: Richmond, Virginia
_____, 2009

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

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Ian S. Fredericks, Esq.
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- and -

/s/ Douglas M. Foley
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901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel to the Debtors
and Debtors in Possession

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I
hereby certify that the foregoing proposed order has
been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley
Douglas M. Foley

EXHIBIT 2

(Settlement Agreement)

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
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Counsel to the Debtors and
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**SETTLEMENT AGREEMENT AND STIPULATION BY AND AMONG THE
DEBTORS AND DIRECTV, INC COMPANY RESOLVING DEBTORS'
FOURTH OMNIBUS OBJECTION TO CERTAIN DUPLICATIVE CLAIMS
AND OTHER MATTERS**

This settlement agreement and stipulation
(this "Settlement Agreement") is entered into by and
among the above-captioned debtors and debtors in

possession (the "Debtors")¹, on the one hand, and DIRECTV, Inc. ("DIRECTV"), on the other hand. The Debtors and DIRECTV are sometimes referred to herein collectively as the "Parties" or individually as a "Party".

GENERAL BACKGROUND

WHEREAS, on November 10, 2008 (the "Petition Date"), the Debtors each filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors have continued as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code; and

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courcheval, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for the Debtors is 4951 Lake Brook Drive, Suite #500, Glen Allen, VA 23060.

WHEREAS, on November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"); and

WHEREAS, to date, no trustee or examiner has been appointed in these chapter 11 cases; and

WHEREAS, on January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors remaining stores. As of on or about March 8, 2009, the going out of business sales concluded; and

WHEREAS, on September 29, 2009, the Debtors and the Creditors Committee filed the First Amended Joint Plan of Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors In Possession and its Official Committee of Creditors Holding General Unsecured Claims (the "Plan"); and

WHEREAS, the associated disclosure statement (the "Disclosure Statement") was approved on September 24, 2009, and the hearing on confirmation of the Plan is currently scheduled for March 8, 2010; and

WHEREAS, generally, the Plan provides for the liquidation of the Debtors under chapter 11 of the Bankruptcy Code; and

WHEREAS, the Debtors are authorized under the Court's Order Under 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval, dated August 7, 2009 (Docket No. 4401, the "Settlement Procedures Order") to enter into this Settlement Agreement, subject to the Notice Procedures.

SETTLEMENT BACKGROUND

A. The DIRECTV Claims.

WHEREAS, Circuit City Stores, Inc. ("Circuit City" or the "Debtor") and DIRECTV entered into a referral and commission arrangement in 2007 pursuant to

two Authorized Retailer Agreements dated June 1, 2007 and October 23, 2007 (collectively, the "Retailer Agreements"). Pursuant to the Retailer Agreements, Circuit City marketed and promoted DIRECTV receivers, service, and programming packages in its stores in exchange for certain marketing and advertising contribution reimbursements and/or commissions; and

WHEREAS Circuit City and DIRECTV are also parties to a Master Dealer Agreement (the "Dealer Agreement," and, collectively with the Retailer Agreements, the "Agreements") dated April, 2005. The Dealer Agreement provides that Circuit City has agreed to act as an independent retailer for DIRECTV broadcast satellite service; and

WHEREAS, on December 18, 2008, DIRECTV filed proof of claim number 1237 against the Debtors' bankruptcy estates pursuant to Bankruptcy Code section 503(b)(9) (the "503(b)(9) Claim"). Therein, DIRECTV alleged that it shipped in the ordinary course of business \$148,375.00 worth of DIRECTV products to the Debtors within the twenty (20) days before the Petition Date; and

WHEREAS, on January 29, 2009, DIRECTV filed claim number 7963, a general unsecured proof of claim against the Debtors' bankruptcy estates (the "Pre-Petition Claim" and together with the 503(b)(9) Claim, the "DIRECTV Claims"). Therein, DIRECTV claimed that it provided in the ordinary course of business \$488,075.00 worth of products and services to the Debtors before the Petition Date for which it had not been paid; and

WHEREAS, DIRECTV asserted that \$405,000.00 of the DIRECTV Claims was secured by a right of setoff (the "Secured Claim") and \$83,075.00 of the DIRECTV Claims was a general unsecured claim (the "General Unsecured Claim"); and

WHEREAS, pursuant to the Debtors' Thirty-Fourth Omnibus Objection to Claims (Modification of Certain Duplicate 503(b)(9) Claims) (Docket No. 4598) (the "Thirty-fourth Omnibus Objection"), the Debtors alleged that the Pre-Petition Claim included and was duplicative of the 503(b)(9) Claim, such that the Secured Claim portion of the Pre-Petition Claim should be reduced to \$256,625.00; and

WHEREAS, the hearing on the Thirty-fourth Omnibus Objection with respect to the Pre-Petition Claim has been adjourned; and

WHEREAS, DIRECTV asserts that it holds claims against the Debtors in the total amount of \$488,075.00; and

WHEREAS, the Debtors assert that DIRECTV holds claims against the Debtors in the total amount of \$444,400.00; and

WHEREAS, the Debtors asserts that they are entitled to certain receivables, commissions and other amounts (the "Receivables"), in the total amount of \$1,077,919.81; and

WHEREAS, DIRECTV assert that the Debtors are entitled to Receivables in the total amount of \$1,041,854.90; and

WHEREAS, the Debtors assert that DIRECTV received transfers totaling not less than approximately \$1,900,000.00 that may be avoidable (the "Avoidance Action Claims"); and

WHEREAS, DIRECTV denies that it received transfers that are avoidable under the Bankruptcy Code; and

B. DIRECTV's Setoff Motion and Debtors' Objection.

WHEREAS, on February 11, 2009, DIRECTV filed its Motion For Relief From The Automatic Stay To Effect Setoff And Memorandum Of Points And Authorities In Support Thereof (the "Setoff Motion") seeking to recoup the Receivables from the DIRECTV Claims or, in the alternative, for relief from the automatic stay established by 11 U.S.C. § 362 to allow DIRECTV to setoff the Receivables against the DIRECTV Claims;² and

WHEREAS, on February 26, 2009, Debtors filed an objection to the Setoff Motion (the "Objection") requesting that the Court deny the relief requested in the Motion; and

C. The Return of Goods to DIRECTV.

WHEREAS, in an attempt to resolve the Setoff Motion, beginning on or about February 20, 2009, the

² Pursuant to the Setoff Motion, DIRECTV asserted that it believed the Debtors held \$405,000 in Receivables. As set forth above, the Debtors assert that they hold Receivables in the amount of \$1,077,919.81.

Parties engaged in discussions regarding Debtors' return and/or sale of certain inventory shipped by DIRECTV to the Debtors pre-petition, which had been specifically excluded from the going-out-of-business sales pursuant to the Agency Agreement (the "DIRECTV Inventory"); and

WHEREAS, commencing on or about February 28, 2009, pursuant to the Order Under Bankruptcy Code Sections 105(a), 362, 503(b), 507(a), 546(c), and 546(h) (I) Granting Administrative Expense Status to Obligations from Postpetition Delivery of Goods; (II) Authorizing Payment of Expenses in the Ordinary Course of Business; (III) Authorizing Debtors to Return Goods; and (IV) Establishing Procedures for Reclamation Demands, Debtors returned to DIRECTV certain DIRECTV Inventory in exchange for an offset of the value of such DIRECTV Inventory against the Pre-Petition Claim; and

WHEREAS, on or about March 31, 2009, DIRECTV completed its reconciliation of the DIRECTV Inventory returned to it by Debtors and communicated same to Debtors. The total value of DIRECTV Inventory returned to DIRECTV was \$438,155 (the "Inventory Return Amount"); and

WHEREAS, rather than proceed with further litigation concerning the DIRECTV Claims, the Receivables, the Setoff Motion, the Objection or the returned DIRECTV Inventory, the parties engaged in good faith, arms' length negotiations to resolve such claims in their entirety; and

NOW THEREFORE, subject to and in accordance with the Settlement Procedures Order, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties hereby STIPULATE AND AGREE AND IT IS HEREBY ORDERED that:

1. The Parties agree that (i) the 503(b)(9) Claim shall be valued at \$148,375.00 and (ii) the Pre-Petition Claim, net of the 503(b)(9) Claim, shall be valued at \$317,862.00.

2. The Parties further agree that the Inventory Return Amount shall be setoff against the 503(b)(9) Claim and the Pre-Petition Claim, such that (i) the 503(b)(9) Claim shall be reduced to \$0, (ii) the Pre-Petition Claim shall be reduced to \$28,082.50 and (iii) the Inventory Return Amount will be reduced to \$0.

3. The Parties further agree that the Receivables shall be valued at \$1,059,887.36.

4. The Receivables shall be setoff against the Pre-Petition Claim, such that (i) the Pre-Petition Claim will be reduced to \$0 and (ii) the Receivables shall be reduced to \$1,031,804.36 (the "Remaining Receivables").

5. To the extent required, the automatic stay of 11 U.S.C. § 362 is lifted to permit the netting set forth in Paragraph 5 above.

6. The Parties agree that, on account of the Remaining Receivables, in full and final satisfaction of amounts due and owing as between Circuit City and DIRECTV under the Agreements or otherwise, other than with respect to the Avoidance Action Claims, within five (5) business days of the earlier of (i) the expiration of the applicable Notice Period without objection, (ii) the resolution of any filed objection after the expiration of the applicable Notice Period, or (iii) Court approval of this Settlement Agreement, DIRECTV shall pay to the Debtors the amount of \$1,031,804.36 (the "Settlement Payment").

7. Notwithstanding anything to the contrary in this Settlement Agreement, the Parties agree that nothing herein shall be deemed to be or construed as an impairment, waiver, or relinquishment of, or effect, impair, waive, or relinquish, the Debtors' rights to recover the Avoidance Action Claims under chapter 5 of the Bankruptcy Code or DIRECTV's defenses to the Avoidance Action Claims. The Parties expressly and forever waive any defense that this Settlement Agreement, any of its terms, or any order approving this Settlement Agreement in any way affected, impaired, waived, or relinquished such rights or defenses.

8. Notwithstanding anything to the contrary in this Settlement Agreement, DIRECTV and the Debtors specifically acknowledge and agree that this Settlement Agreement is not intended to, and does not, release or otherwise affect in any way any actual claims or causes of action (or potential claims or causes of action similar in nature or type to such actual claims or causes of action) now or hereinafter asserted in, based on, or relating to the multi-district litigation captioned In re: TFT-LCD (Flat Panel) Antitrust

Litigation, MDL No. 1827 (N.D. Cal.) and the actions consolidated therein (the "MDL Proceeding").

9. DIRECTV shall not file or be entitled to recover on account of any other claims from the Debtors or their estates and the Debtors shall not be entitled to recover any further credits, rebates, receivables, or discounts from DIRECTV.

10. Any and all contracts and/or agreements between the Debtors and DIRECTV (including the Agreements) shall be deemed rejected as of the date of entry of this Settlement Agreement.

11. Nothing contained herein shall be deemed an admission of liability on the part of the Debtors or DIRECTV with respect to the any claim, including the DIRECTV Claims, the Receivables, the Settlement Payment or the Avoidance Action Claims.

12. Each Party hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary or appropriate in conjunction with the performance of their respective obligations hereunder.

13. No provision of this Settlement Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person other than the parties hereto and their respective successors.

14. Except where preempted by applicable Federal law, this Settlement Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Virginia without regard to any choice of law provisions.

15. This Settlement Agreement may be signed in counterpart originals and delivered by facsimile or email, which, when fully executed, shall constitute a single original.

16. This Settlement Agreement constitutes the entire agreement and understanding of the parties regarding the Settlement Agreement and the subject matter thereof.

17. The United States Bankruptcy Court for the Eastern District of Virginia shall retain exclusive jurisdiction (and the parties consent to such retention of jurisdiction) with respect to any disputes arising

from or related to, or other actions to interpret, administer or enforce the terms and provisions of, this Settlement Agreement.

18. Each person or entity who executes this Settlement Agreement on behalf of another person or entity represents and warrants that he, she, or it is duly authorized to execute this Settlement Agreement on behalf of such person or entity, has the requisite authority to bind such person or entity, and such person or entity has full knowledge of and has consented to this Settlement Agreement. The representations and warranties set forth in this paragraph shall survive execution of this Settlement Agreement.

19. This Settlement Agreement shall not be modified, altered, amended or vacated without the written consent of all parties hereto or order of the Bankruptcy Court.

20. This Settlement Agreement and all of its terms shall be effective upon the later of (i) execution by both Parties and (ii) the expiration of the applicable Notice Period.

IN WITNESS WHEREOF, this Settlement Agreement
is hereby executed as of the later of the dates set
forth below.

ACCEPTED AND AGREED TO BY:

CIRCUIT CITY STORES, INC.

By:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
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- and -

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- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley
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Counsel for Circuit City Stores, Inc.,
et al., Debtors and Debtors in Possession

Dated: February 5, 2010

DIRECTV, Inc.

By:

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- and -

WILLIAMS MULLEN

/s/ William H. Schwarzschild, III _____

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Counsel for DIRECTV, Inc.

Dated: February 5, 2010